

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000877

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SUBJECT: PRESIDENTIAL ADVISOR WU LI-PEI TO STAY

Classified By: AIT Acting Director David Keegan, Reason(s): 1.4 B/D

**¶1.** (C) Summary: After a two-hour meeting on March 3, President Chen Shui-bian managed to dissuade Senior Presidential Advisor Wu Li-pei from resigning his position. Wu had threatened to follow fellow pro-independence Presidential Advisors Koo Kwang-ming and Huang Chao-tang out the door in protest against Chen's recent concessions to PFP Chairman James Soong. Explaining his frustrations to AIT, Wu said that he was disturbed by Chen's February 24 declaration that the "ROC" is the largest common denominator between the DPP and PFP. Wu asserted that the two leaders should have realized that the largest common denominator between them is the land and the people of Taiwan. Wu also lamented that Chen remained silent on Soong's dismissal of Taiwan independence as an option for island's future. More fundamentally, however, Wu said that he questions Chen's leadership style and his commitment to principles he thought they shared. End Summary.

Giving Chen Another Chance

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**¶2.** (C) After a two-hour meeting with President Chen Shui-bian on March 3, former Formosa Foundation Chairman Wu Li-pei announced that he will remain in his position as Senior Presidential Advisor, at least for the time being. Wu had originally told AIT on February 27 that he wanted to resign in protest over President Chen Shui-bian's February 24 ten points joint statement with People First Party (PFP) Chairman James Soong (Chu-yu). Fellow pro-independence leaders Koo Kwang-ming and Huang Chao-tang had quit as Senior Presidential Advisors on March 1 over the same issue, but Wu decided to give Chen the courtesy of a meeting before formalizing his resignation. Although Wu told AIT on March 1 that he did not expect anything that Chen would say to change his mind, Wu later told the press after his meeting with Chen that he understands the pressures that led the President to make his February 24 statements.

The Problem with Chen-Soong Meeting

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**¶3.** (C) Explaining why he is so disappointed with the ten points statement, Wu told AIT that Chen's recognition of the "Republic of China (ROC)" is not a problem, however, he is disturbed by Chen's declaration that the "ROC" is the largest common denominator between Chen and Soong. Wu asserted that the two leaders should have realized that the largest common denominator between them is the land and the people of Taiwan. An outspoken opponent of the USG's "one China" policy, Wu also pointed out that Soong declared at the February 24 joint press conference that independence is not an option for Taiwan's future status. He acknowledged to AIT that Chen did not agree with Soong but lamented that Chen did not disagree either. On March 1 veteran DPP and New Tide leader Hong Chi-chang conceded Wu's point to AIT. Chen, Hong said, could have eliminated much of the fundamentalist furor over his meeting with Soong if he had added "independence" to his recitation of Taiwan's future options in his joint news conference with Soong.

**¶4.** (C) Wu maintained that only the 23 million people can decide Taiwan's future not the president or Soong. Wu said that he had initially supported Chen's overtures to the PFP as a mean to break the policy gridlock of the past four years, but bemoaned that "Chen went chasing after demons but in the end got himself caught by the demon."

Questions about Chen's Leadership

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**¶5.** (C) Wu indicated that he is resigning not only over the Soong meeting but also because of his disillusionment with Chen's leadership style. Wu told AIT that he is dismayed by how easily Chen can change his mind. He said that all sorts of people have come to him over the past year, including former Presidential Office Secretary General Su Tseng-chang, to ask advice on how to approach Chen. Wu said that he had no access to the President and was uncertain of who actually did. He acknowledged that senior presidential advisors, such Koo Kwang-ming, Peng Ming-min, Lee Hong-hsi, are considered party elders, but dismissed as exaggeration claims that they could walk into Chen's office at anytime. Recalling the time

when people criticized Koo Kwang-ming for not informing Chen before taking out an Washington Post advertisement urging the U.S. to abandon the "One China" policy, Wu said that Koo made three attempts to contact the president, but could not even get the president's confidential secretary, Ma Yung-cheng, to return his telephone call.

16. (C) Insisting that he is not the only person frustrated by Chen's leadership, Wu said that he recently met with former President Lee Teng-hui, and they ended up commiserating with each other about Chen's fickleness. Lee had also recently spoken publicly against the Chen-Soong joint statement, questioning its legitimacy and calling Chen's action "wrong."

Wu said that both he and Lee feel that Chen has failed to build on the momentum of last year's February 28 "Hand in hand" Peace Rally to further the cause of Taiwan identity.

#### Chiou Dominating Foreign Policy

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17. (C) Wu also described his frustration about being dispatched by Chen to Washington in early February to explain Taiwan's policy positions without being properly briefed. Wu told AIT that Taiwan's relation with the U.S. is handled exclusively by National Security Council (NSC) Secretary General Chiou I-jen, and that Chiou has not included him in his inner circle. Wu said he found himself being asked tough questions about Taiwan's positions on various sensitive issues by Washington officials and not knowing anything beyond generalities.

Comment: Keeping the Fundamentalists at Bay?

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18. (C) Presidential Office and DPP officials have admitted to AIT that they and the president were surprised by the vehemence of fundamentalist anger over the February 24 Chen-Soong meeting, but see no alternative to working with opposition forces in a bid to control the political center (Septel). Chen's 2004 victory and use of fundamentalist themes in last autumn's legislative election campaign raised expectations among core DPP pro-independence supporters that the president would follow through on their agenda in his final years of office. Chen administration officials say they see no way to advance the government's foreign policy and domestic agendas, while remaining captive to their "dark Green" supporters. It remains to be seen whether such calculated strategies will prevent Chen from appealing again to these supporters in elections later this year.

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